

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS  
OF SAN BERNARDINO COUNTY, CALIFORNIA  
AND RECORD OF ACTION**

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MARCH 4, 2003

**FROM:** DAVID S. GIBSON, Director  
Facilities Management Department

**SUBJECT:** ISSUANCE OF REQUEST FOR PROPOSAL FOR A UTILITY USAGE AND EXPENDITURE ANALYSIS OF THE GENERAL FUND UTILITY BUDGET

**RECOMMENDATION:** Approve Request for Proposal for a utility usage and expenditure analysis of the general fund utility budget and authorize the Director of Facilities Management to release the Request for Proposal.

**BACKGROUND INFORMATION:** As a result of the energy crisis, along with the current drought concerns, utility expense monitoring has become increasingly more complex. Moreover, as submitted in both the first and second year-end estimates for FY 2002-03, staff anticipates the \$14.5 million general fund utilities budget will be overspent by \$2 million. While the rapid increase in electricity rates, water rates and volatility in natural gas prices over the past two years partially explains why utility costs have increased, an analysis of the utility budget is necessary because:

- In previous years utility bill paying was one of several duties assigned to a Fiscal Clerk, who also served as the department's payroll clerk. Utility bills were therefore often paid late and at irregular intervals, which resulted in disparate and unpredictable utility budget data.
- A cursory review of the utility budget has revealed discrepancies, such as the payment of utility bills for property the county no longer owns.
- It would be wise to review the utility accounts for potential savings available through participation in special programs or rate structures.
- There is no accurate fiscal year baseline utility budget established, making it very difficult to predict future budgets.

The utility accounts will be analyzed to confirm the account information, service verification, and a tariff analysis. Additionally, at its conclusion, the study will provide the County a baseline data set that includes annual amounts of monies expended, and annual amount of recourses used for all components of the utility budget (i.e., electricity, gas, water, etc.). An outside firm is being sought due to the required knowledge and technical expertise in evaluating utility functions and usage. This study is anticipated to take an estimated ninety (90) days at a cost of less than \$50,000.

While there is a need to conduct this study, the following outlines actions this department has recently undertaken to manage the utility budget:

Development of an automated utility bill paying system

In order to start paying the County's utility bills in a timely manner, the Information Services Department, at the request of Facilities Management, has developed a new utility bill paying and reporting system. The new system captures account costs and resource usage data while simultaneously issuing utility payments to utility providers. The system is designed to achieve the goal of timely and accurate information reporting by electronically transmitting data to the Auditor/Controller Recorder FAS system and to issue a warrant issued for payment. Additionally, resource usage (e.g., amount of kwh, therms and gallons of water used) will be tracked. The system is currently in the "testing" phase of implementation and should be operational by next fiscal year.

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#### Assign a Fiscal Clerk full-time to process utility payments.

Currently, a Fiscal Clerk II is assigned full-time to pay the utility bills. This full-time assignment was made as the need became apparent. As mentioned earlier in previous years utility bill paying was the Fiscal Clerk's "other job", in addition to their other duties, principally being the payroll clerk for the Department. As a result of this part-time assignment, the utility bills were often paid late and at irregular intervals. Being such, it becomes easier to understand the disparate and unpredictable utility budget data the County has historically seen. Moreover, the full-time assignment of the Fiscal Clerk to this task has brought us up-to-date on our utility payments and expedited the development of the automated bill paying system. As a result Facilities Management has begun compiling up-to-date information on utility expenditures. Full implementation of the automated bill paying system will ensure that expenditure and utility use data is up-to-date.

#### Energy conservation measures implemented to date

Over the last 18 months this county has retrofitted lighting systems in 23 buildings, countywide. Additionally, the Board has authorized the replacement of 7 HVAC systems in numerous county facilities, of which one project, the District Attorney Building in San Bernardino, has been completed.

#### Initiate legal action against natural gas producers

On November 5, 2002 the Board authorized the county to initiate a lawsuit against various natural gas producers who allegedly conspired to manipulate the supply of natural gas at the California border, thereby directly increasing the cost of natural gas to the county and indirectly increasing the cost of electricity. On December 3, 2002 the Board approved a contract with Belcher and Collins as special litigation counsel for the lawsuit. Staff has started working with Belcher and Collins in preparation of the legal action.

The general fund utility budget (AAA-UTL) funds the utility costs for county-owned facilities. This budget unit does not include utility costs for Special Districts, signal lights under the purview of the Public Works Department or the utility costs of the Arrowhead Regional Medical Center.

REVIEW BY OTHERS: This agenda item has been reviewed as to legal form by County Counsel (Jean-Rene Basle, Deputy County Counsel) on February 12, 2003; reviewed by the Auditor/Controller-Recorder (Howard Ochi, Chief Deputy Auditor) on February 12, 2003, and the County Administrative Office (Lynn Chacon, Administrative Analyst) on February 12, 2003.

FINANCIAL IMPACT: All costs will be borne by the utility budget (AAA-UTL) with fees for the study to be negotiated with the successful participant. Currently, there are sufficient appropriations to cover the costs of this study. However, the cost of this study along with the projected over expense of \$2 million will be a major factor in exceeding FY 2002/03 budget appropriations. A request for contingencies to fund these additional costs will be submitted to the Board before the end of this fiscal year. It is anticipated that future increases will be alleviated by the information provided from this study.

COST REDUCTION REVIEW: The County Administrative Office has reviewed this agenda item and concurs with the department's proposal and recommends this action based on the necessity to control and monitor all utility costs in an efficient manner.

SUPERVISORIAL DISTRICT (S): All

PRESENTER: David S. Gibson (387-2230)